

**MINUTES**  
**REGULAR MEETING OF THE SANDPOINT CITY COUNCIL**  
**August 7, 2019**

**OPENING** City Council President Williamson called the regular meeting of the City Council to order at 5:30 p.m. on Wednesday, August 7, 2019, in the Council chambers at City Hall, 1123 Lake Street.

**ROLL CALL** Council members Ruehle, Aitken, Darling, Williamson and Eddy were present. Mayor Rognstad and Councilman Aispuro were absent.

**PLEDGE OF ALLEGIANCE** Council President Williamson led City Council and the public in the pledge of allegiance to the flag.

**PUBLIC FORUM**

Grace Bauer, not a City resident, was concerned about the prohibition of weapons at The Festival at Sandpoint at War Memorial Field. She stated that she had tickets but did not attend because, if there was a mass shooting, she would have no way to defend herself and her family and friends. She suggests amending the contract with The Festival to allow firearms during The Festival or move The Festival to a different venue on private property.

Craig Frick, not a City resident, also spoke in opposition to the prohibition of weapons at The Festival at Sandpoint at War Memorial Field and submitted a written comment, stating, "The City is on notice that banning firearms from City property or allowing others to do so is illegal, Idaho Statute 18-3302J."

**ANNOUNCEMENTS**

City Administrator Jennifer Stapleton reported that the City's Parks and Recreation Master Plan consultant, GreenPlay, LLC, will be here next week and has begun work on site specific planning and design for four sites, War Memorial Field, City Beach and Downtown Waterfront, Sports Complex (including Travers, Centennial and Great Northern Fields) and the City Watershed property, as the next phase of the Plan. Per the City press release issued earlier today, the public is invited to an open house in Council chambers at City Hall on Wednesday, August 14, 10:00 a.m. to 4:30 p.m., to review the results of GreenPlay's initial site observations and analysis and provide input on each location, including existing activities and amenities and additional or changed activities and amenities. They will be assessing surface options at War Memorial Field. Full imagery boards will be on display with initial options for public consideration and feedback. Members of the public are welcome to drop in any time during the day that is convenient. The open house will be followed by an open public meeting to be held at The Hive, 207 N. First Ave., 6:30 p.m. to 8:00 p.m. The format for this meeting will be similar to the meeting held in May. Representatives from GreenPlay will present the initial site concepts, summarize the feedback received during the open house and solicit additional input. This information will be used to make changes to the initial site concepts and develop alternative options, which will be presented at another public session in late September, where the final preferred alternatives will be determined in preparation for a final concept master plan for each site. The public still has an opportunity to weigh in on priorities, satisfaction and needs for the overall Parks and Recreation Master Plan (including parks, trails, open space and recreation programming). Mailed surveys were sent to a random sample of Sandpoint residents, and an online survey at [www.sandpointsurvey.org](http://www.sandpointsurvey.org) is also open through August 16.

**Council President Williamson** encouraged everyone to take this opportunity to participate and weigh in on the future of our parks.

City Attorney Will Herrington stated that the City has leased War Memorial Field to The Festival at Sandpoint, and the lessee governs who is admitted to the park during their lease. Anyone who is armed will not be allowed entrance, and the City will support this prohibition. He replied to **Council President Williamson** that, per City policy, the terms of the lease dictate, and it is the lessee's prerogative to prohibit weapons.

**II. CONSENT CALENDAR**

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- A. MEETING MINUTES *(approval of City Council minutes; acknowledgment of all others)*
1. City Council – July 17, 2019, Regular Meeting
  2. Planning and Zoning Commission – June 18, 2019
  3. Historic Preservation Commission – June 18, 2019
  4. Tree Committee – June 17, 2019
- B. BILLS in the amount of \$511,297.78 for regular payables.
- C. TREASURER'S REPORT ON CASH AND INVESTMENT TRANSACTIONS – June 30, 2019

**Councilman Aitken moved** that items A-1 through C be approved. **Councilman Eddy seconded the motion.**

A roll call vote resulted as follows:

Councilwoman Ruehle	Yes
Councilman Aitken	Yes
Councilman Aispuro	Absent
Councilman Darling	Yes
Councilwoman Williamson	Yes
Councilman Eddy	Yes

**The motion passed by a unanimous vote of Council present.**

**OLD BUSINESS**

- D. ORDINANCE NO. 1367 – TILLBERG REZONE

**Council President Williamson** stated that this proposed ordinance changes zoning from Residential Single-Family (RS) to Mixed Use Residential (MUR) for two parcels of approximately 8.5 acres at the southeast corner of Schweitzer Cutoff Road and Boyer Road, owned by Steve and Maureen Tillberg. City Council approved this rezone during their July 17, 2019, regular meeting.

**Council President Williamson** read the title of the Ordinance as follows:

AN ORDINANCE OF THE CITY OF SANDPOINT, A MUNICIPAL CORPORATION OF THE STATE OF IDAHO, AMENDING THE ZONING CLASSIFICATION OF THE PROPERTY DESCRIBED IN SECTION 1, BELOW, FROM RESIDENTIAL SINGLE-FAMILY (RS) TO MIXED USE RESIDENTIAL (MUR); PROVIDING FOR AMENDMENT TO THE OFFICIAL ZONING MAP TO REFLECT THIS CHANGE; FINDING THAT THE NEW ZONE IS IN ACCORD WITH THE SANDPOINT COMPREHENSIVE PLAN; PROVIDING THAT ALL PRIOR ZONES APPLICABLE TO LANDS DESCRIBED IN SECTION 1 ARE HEREBY SUPERSEDED; AND PROVIDING FOR PUBLICATION AND AN EFFECTIVE DATE.

**Councilwoman Ruehle moved** that the proposed ordinance pass its first reading by Title only. **Councilman Aitken seconded the motion.**

A roll call vote resulted as follows:

Councilwoman Williamson	Yes
Councilman Aitken	Yes
Councilman Darling	Abstain
Councilman Eddy	Yes
Councilman Aispuro	Absent
Councilwoman Ruehle	Yes

**The motion passed by a vote of Council present, with Councilman Darling abstaining.**

**Councilman Aitken moved** that the rules requiring three separate readings, once in the ordinance's entirety be suspended and that the proposed ordinance pass its second and third readings under suspension of the rules. **Councilwoman Ruehle seconded the motion.**

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A roll call vote resulted as follows:

Councilman Aitken	Yes
Councilman Aispuro	Absent
Councilman Eddy	Yes
Councilwoman Williamson	Yes
Councilman Darling	Abstain
Councilwoman Ruehle	Yes

**The motion passed by a vote of Council present, with Councilman Darling abstaining, and the Ordinance was considered read, passed, and adopted under suspension of the rules.**

**E. RESOLUTION NO. 19-40 – PUBLIC ART LOAN AGREEMENT FOR SILVER BOX PROJECT**

Arts Commission Chair Elle Susnis stated that the Commission received 22 applications via CaFÉ and selected 3 pieces, taking into account a variety of mediums, appropriate size for the box, location, etc. Unfortunately, they are able to recommend only 2 of the artworks tonight, as Phoenix Rising by Post Falls artist Alex Romero was purchased at Art on the Green over the weekend. The Commission was not anticipating needing an alternate for the Oak and Fourth location, so they will revisit the remaining applications / selection process and report back at the August 21 Council meeting. For the Oak and Fifth location, the Commission recommends Okeefe 5 by Park Valley, Utah, artist Patrick Sullivan. It is Carrera marble with a very fluid form. For the Church and Fourth location, the Commission recommends Angry Bird by Sandpoint artist George Rickert. It is locust wood, paint and varnish, colorful and full of whimsy. She thanked Council for considering these pieces, relaying that the Arts Commission thinks they will be a wonderful temporary addition to Sandpoint's public art collection.

**Council President Williamson** relayed her appreciation for the art that was chosen and for the Art Commission's expertise in evaluating the submittals. Ms. Susnis replied to **Council President Williamson** that the Commission will go back and review again the submittals received and choose a replacement for the piece that was chosen that is no longer available.

**Councilman Eddy moved** for approval of the proposed resolution, PUBLIC ART LOAN AGREEMENT FOR SILVER BOX PROJECT. **Councilman Aitken seconded the motion.**

A roll call vote resulted as follows:

Councilman Aispuro	Absent
Councilwoman Ruehle	Yes
Councilman Darling	Yes
Councilwoman Williamson	Yes
Councilman Aitken	Yes
Councilman Eddy	Yes

**The motion passed by a unanimous vote of Council present.**

**F. ERP/FINANCIAL SOFTWARE AND UTILITY BILLING UPDATE**

Finance Director Sarah Lynds reported that, for the past 13 years, the City has utilized DataNOW for accounting and payroll software. In the fall of 2018, City staff was notified that one of the two techs remaining who has been instrumental in supporting our DataNOW product would be retiring in the coming months. With concerns about the level of ongoing support and the lack of software updates, City staff immediately began researching possible replacement solutions, focusing on Enterprise Resource Planning ("ERP") software that would meet not only the City's accounting and payroll software requirements but that would integrate management of our core business processes and align with City Council's strategic priorities. Ultimately, the ERP software offered by Bellefeuil, Szur & Associates, Inc. ("BS&A"), was chosen. With Council's approval of this purchase, per Resolution 19-12 in February 2019, a purchase contract was signed, and staff has been working with BS&A for the past several months on implementation of the new system.

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The BS&A software offers two basic modules: Financial and Community Development. BS&A will unite payroll and human resources ("HR") and provide an employee web portal. It will offer purchase order and inventory systems, which the City does not currently have. There will be GIS integration with utility billing and throughout the system. It will offer a digital work order system, tasks that are currently performed frequently with paper forms and manual routing.

The Community Development module will offer online permitting, digital routing and workflow, and will fully integrate with the Financial module. Contractors and other local business owners will have the ability to log in to the system and view all of their permits and licenses in one account.

Ms. Lynds provided a demonstration of the software, using the City of Hayden's online portal. Hayden purchased BS&A software just a few months prior to Sandpoint's purchase.

Several years ago, the City contracted with an outside entity, BDS, for utility billing. With the efficiencies offered by the new BS&A software, that function will be brought back in-house. City staff has been working to encourage customers to participate in the paperless billing offered by the City.

**BS&A Go-Live Dates:**

Financial – September 16

Community Development – October 8

Representatives from BS&A will be on-site for three weeks during implementation, one week prior to go-live, during go-live week, and the week after. Dual entry in both the old and new systems will be required for a couple of weeks. BS&A has so far met and exceeded staff expectations.

E-payment options are still being vetted. The City's current online payment option for permit and license applications, through Point & Pay, comes with a service charge, passed on to the payer, of either 3% or a minimum of \$2.00. The hope is to find a fee-free e-payment method, which will most likely come in the form of an ACH type of option.

During implementation, the City's financial transparency website through OpenGov will also need to be updated, as the General Ledger (GL) coding structure is changing substantially.

Ms. Stapleton remarked that this has been a significant project for staff citywide, and it's been a quick turnaround for implementation. The new software will offer granular project tracking and the ability to more strategically allocate resources. The decision to contract out the City's legal services enabled us to fund this purchase this year without impacting the budget. Operational costs for the new system are relatively on par with the existing system, but functionality and the ability to more effectively engage with our citizens will be significantly enhanced.

**NEW BUSINESS**

**G. TREASURER'S QUARTERLY REPORT**

Ms. Lynds reported that most of the City's financial activity happens in the fourth quarter, so, like the first and second quarters, there is little activity to report in the third quarter. Personnel expenditures are at 67.1%. General Fund maintenance is at 64.4%. Capital Projects are at 11.8%. Most capital projects are underway now during the summer months. Trending is typical with the past five years. Revenues are on par. Business licensing and permitting is billed at the beginning of the calendar year. Intergovernmental revenue is tied to projects and is mostly Sandpoint Urban Renewal (SURA) funding, which is billed at the end of the year. Investment earnings are budgeted conservatively, but the market has been strong, so revenue received is more than was budgeted. Resort city



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taxes are coming in higher than projected, as has been the trend. Revenues and expenses are trending consistently with prior years.

**H. BUDGET PRESENTATION**

Ms. Stapleton reported that, at the last Council meeting, there was discussion regarding revenues, particularly reviewing fund balances and policies on reserves. That information is available on the City website and linked from the City Facebook page. The focus this evening is the overall financial plan, with focus on capital projects and plans for the upcoming budget year, in line with Council strategic priorities.

The total proposed FY2020 budget, as presented at the last meeting, is \$39,322,035. This is a decrease of \$5,216,904 or 11.71% from FY2019. Project carryover has been tightened up. Also playing a significant role in the budget decrease is completion of Downtown Revitalization Phase I construction, resulting in those budgeted dollars no longer rolling over from year to year. Additionally, there are reductions in the water and sewer capital project budgets for the upcoming year.

Since the preliminary budget was adopted, it has been updated to reflect the following:

- A reduction of \$50,000 in Misc. Grant Funding - Central Services, offset by \$50,000 SURA funding increase for Great Northern Project.
- Dedicated line item in Recreation Fund of \$10,000 for trail maintenance support in the City Watershed.
- Transcription error in new construction tax rolls of (\$1,841), offset by beginning cash.

At the time staff began developing the initial scoping project for Great Northern Road in the Northern Urban Renewal District, the first cost estimate was \$50,000. After surveying and additional analysis of some of the more significant issues in that area, it was determined that the cost would be closer to \$100,000. Upon staff presentation to the SURA Board yesterday, the Board approved adding \$100,000 for the Great Northern stormwater study in the SURA budget that has been proposed for FY2020. That amount was accommodated in the City budget with a reduction of \$50,000 in Misc. Grant Funding revenue and offset with an anticipated increase of \$50,000 in SURA funding. In years past, the City budgeted for grant projects in different areas, with carryover in case grants were received. In order to provide greater transparency, there is now a Misc. Grant Funding portion of the budget in Central Services. Miscellaneous grant revenue is budgeted there, instead of identifying projects that may not occur, resulting in carryover.

Ms. Stapleton reported that Councilwoman Ruehle met with her a few days ago to request a dedicated line item in the Recreation Fund of \$10,000 for trail maintenance support in the City Watershed, as was provided within the budget last year. These funds are mainly for the lower basin trails in the City watershed. Prior to FY2019, local bicycling group Pend Oreille Pedalers, under agreement with the City, has performed trail maintenance and erosion control on City property with very little City involvement and no City financial support. They held a very successful Community Day recently, with a record number of volunteers participating. Some of this year's funding was also used to place portable toilets at the lower basin trails, and they also place and monitor trail cameras. This has been a successful partnership, precluding the need for these tasks being performed by City staff. **Councilwoman Ruehle** added that she was on the trails this past week and noticed new safety-related signage, as well, and brush-clearing, allowing users to see when merging, etc.

Ms. Stapleton reported that, after the preliminary budget was adopted, a typographical/keying error was discovered in the new construction tax rolls, which was off by \$1,841. This error was offset with Beginning Cash.

All changes have been highlighted, and both the original 7/17 budget and the revised 8/6 budget are available on the City website. The total proposed FY2020 budget has not changed and is still \$39,322,035.

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Reserve fund balances were discussed in detail during the July 17 Council meeting, and that story is available online, with a link provided in tonight's story.

General Fund Emergency & Operating Reserves are funded at 100% of the specified policy range, and \$3 million is set aside for downtown construction reserves. This budget contemplates retaining that funding at 100%. It is anticipated that additional dollars will be added based on fund balance at the time the audit report is released in February.

Ms. Stapleton displayed a chart, showing the City's revenues by source. Reserves and carryover from prior budget years can be found in Beginning Cash. A number of capital reserves have been included in this budget year, with focus on completion of capital planning master plans, identified as a priority by Council last year in the Strategic Plan. There are a number of master plans underway. Different from prior years is budgeting for capital reserves and 100% budgeting of local option tax revenues, both cash on hand and what is anticipated through the sunset of the local option tax. With completion of the Parks and Recreation Master Plan, it is anticipated that Council will make a final decision on the turf surface for War Memorial Field, so this is budgeted, along with any other capital improvements prioritized by the public and, ultimately, Council through the Parks and Rec Master Plan. Staff will also be working on the Water Master Plan, the Wastewater Master Plan, with upgrades to the Wastewater Treatment Plant, the Transportation Plan, with road modeling updated, and the Comprehensive Plan, with the Request for Proposals (RFP) issued last week. The RFP for the Arts and Culture Plan will be released soon and is included in the SURA budget. This Plan will also be funded in part by a grant from the State Historic Preservation Office (SHPO), and the City is a finalist for two other grants, which would fall under Misc. Grant Revenue.

Ms. Stapleton displayed the Property Tax Summary chart. As a result of the construction rolls, there is a minor update, resulting in a \$.20 reduction in the calculated property tax bill levy rate from what was presented on July 17. This amendment was offset by available Beginning Cash. In previous years, more resort city lodging/bed tax revenues have been received than budgeted. City residents reap the benefits of that additional revenue in the form of property tax relief. The proposed FY2020 Property Tax Relief Fund is \$40,754. If the trend continues, there should be excess funds for property tax relief in the next fiscal year, as well.

This year, the City generated a Financial Plan chart, organized by Fund and itemized by:

**Revenues**

- Beginning Balance
- Property Taxes
- Other Income
- Transfers In

**Expenditures**

- Salaries/Benefits
- Maintenance & Operations
- Capital Projects/Grants
- Transfers Out

Staff observed this type of chart in use by another city and determined it would provide a quick, one-page summary and overview of, and a useful method for communicating, the Sandpoint Financial Plan. Finance Director Lynds worked to break this information down under all of the different service areas, as adopted under the updated organizational structure.

Ms. Stapleton went through the list of service areas under General Fund:

Council/Mayor

Elected Officials

Administration Services

The City Administrator, along with the Executive Assistant/Communications Officer, who functions as the City's special events coordinator and assists with community outreach efforts.

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Finance Services

Traditional Finance Department, led by the City Treasurer.

Legal Services

Contracted with Bonner County Prosecuting Attorney Louis Marshall for prosecution services, with former City Legal Department employee Katie Edburg continuing to handle many of the City's cases and resulting in a near-seamless transition. The City continues to closely monitor this arrangement. It's been a good partnership so far with a great rate; a 5% increase has been included for FY2020. Former Sandpoint City Attorney Will Herrington is currently contracted as temporary City Attorney and provides civil legal services. The RFP timeline has been extended, and there is interest from a number of individuals in this region. She is hopeful and expects to bring a proposed contract to Council next month. These contracts have resulted in substantial savings of over \$250,000 per year, which has been reallocated to projects and activities citywide.

Information Services

This is IT, which is predominantly contracted. A review of our IT structure and strategic planning around both IT and GIS is planned for the upcoming fiscal year. It's possible that at least some IT may need to come in-house.

General Services

City Clerk and many other functional areas in Central Services.

Government Buildings

Specific area for these services.

Police Services

One half of the Public Safety Division. Led by the Police Chief.

Fire Services

The other half of the Public Safety Division. Led by the Fire Chief. It's contemplated in this budget that Fire Services will continue to function under the current Joint Powers Agreement (JPA) structure with Sagle Fire District and Westside Fire District. A presentation will be made to Council in September on other options to consider.

Building Services, Street Services, Planning Services

Under the Infrastructure and Development Services (IDS) Division.

Park Services

City Parks and facilities.

The next Fund area on the chart is for Special Revenue Funds, reflecting beginning balances, anticipated expenditures, and ending balance:

Fiber Optic Network Fund

Significant expenses are budgeted going into next year. There is a project in this fund that crosses over into the infrastructure area that involves building out City fiber infrastructure along Sand Creek, into the back entrances of the buildings along the east side of First Avenue. When compared to other municipalities, Sandpoint has been unusually successful in that, over the last year, we have been able to partner with Avista in bringing overhead utilities underground in conjunction with installation of fiber, and we have spread our fiber budget and have been able to secure some State dollars with Gem Grants through the Idaho Department of Commerce. Stage 1 was accomplished in this manner with the grant-funded Oak Street bike path project last year, and overhead utilities went underground in conjunction with the development of businesses and properties in the Granary District, specifically Matchwood Brewing. Fiber infrastructure was built out in order to encourage competition among fiber providers, and Avista also took their utilities underground. Private business contributed, as well, for electrical infrastructure.

The second underground partnership with Avista followed Sand Creek, behind Panida Theater, then across First Avenue and up Main Street, almost to Jeff Jones Town Square.



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You may not notice, unless you are standing in that area and look up and realize the number of poles, lines and transformers. There are big utility poles and transformers on either side of First Avenue, looking north, and a cluster of utility poles going into Art Alley off Main Street. There has been a construction project in that area for about the last six weeks, where Avista has been getting everything in place to move their utilities underground, and staff is working with the fiber providers to move their equipment off the poles and underground. The City built out the fiber infrastructure, which supports more providers coming in and expanded service into the downtown core. When everything gets pulled into the microducts, the project will be complete, and the poles will be removed, most likely around the end of this month and no later than the beginning of September, in advance of the downtown construction project, scheduled to begin September 3.

Design Nine has continued to design the municipal-owned fiber infrastructure throughout the downtown core that ensures we have that fiber competition downtown. The Governor has convened a task force on broadband initiatives, and Sandpoint is the city currently generating the most buzz because of our unique partnership approach to building out our fiber infrastructure. Initially, we were building out with dark fiber and requiring leasing of that dark fiber. This is the least favorable model, in the long run, to service providers, and there is pushback, as it gives the appearance of government competing with the service providers. It's also the costliest way for government to build out fiber. We moved from that approach to one where the City pulls conduit and leases sleeves in the conduit to multiple providers. As we have been planning, it's been determined that this is not sufficient to meet future needs, 10 to 20 years from now. The new model will be installation of microducts in order to allow even more providers and more capacity. Most of the service providers are not currently using that product, but staff has been working with them, and they are agreeable to making the move throughout downtown, which will eliminate constant boring and digging up roads and sidewalks.

In addition to the high-speed fiber connectivity and enhanced service provider competition for the businesses on First Avenue, this will provide for preparation for a larger project at Farmin's Landing in order to create that "front porch" or entry to our downtown off the water side and with a view from the Byway. All overhead power lines from the old Arlo's building down to around the Beet & Basil building will all go underground.

Capital Projects Fund

This fund is named per State requirements but is actually the Impact Fees Fund. As allowed in the Impact Fee Plan and previous Capital Improvement Plan, we are budgeting to support capital projects resulting from the master plans. What is different in this budget are multiple areas where priority projects are budgeted based on the master plans. Once a plan is through the public involvement stage, recommended priorities and strategies are brought to Council, and Council considers and adopts the plans, providing clear spending priorities. Significant capital dollars are budgeted this year because we would otherwise be in a position where we are adopting plans, but we don't have an ability to fund projects. This is included and contemplated in Misc. Grants, considering leveraging other dollars, impact fees, water/sewer reserves, and parks capital reserves.

Impact Fees are not general funds but are restricted funds, dedicated to specific areas. There are Impact Fees designated specifically for parks and parks capital improvement projects. These are incremental fees, so, as we have capital improvement opportunities within our parks, we can incrementally use these dollars. The City has been conservative in the use of these dollars, so there is a fair budget that could be used for funding parks capital projects as a result of the Parks and Recreation Master Plan. There are Impact Fees for Police, specifically designated for communications and mobile data improvements, which is how the funds have been used the last couple of years and is what is proposed for next year. There are Impact Fees specifically designated for Fire, which, for the past several years and in this budget, are funding the lease payments for the new ladder truck, required for newer developments. The current Capital Improvement Plan is integrated into Impact Fees; there is no standalone, long term, 20-year Capital Improvement Plan. The master planning activity is taking place all at one time for purposes of prioritization across all of the different plans, not for one plan at the expense of another. The first plan will be the Parks and Recreation Master Plan.



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Recreation Fund

These are property tax dollars and restricted for recreation programming and capital related to recreation. In the Parks and Recreation Master Plan, there is budgeted expenditures based on the results of the Master Plan, and that is not currently determined.

LOT Fund

Budgeted is just over \$2.7 million cash on hand anticipated revenues through the end of the Local Option Tax, which sunsets December 31, 2020. That revenue is earmarked for field improvements at Memorial Field and, as approved by voters, once that is accomplished and if there are funds left over, improvements at other parks.

Parks Improvement Fund

Improvements as a result of the Master Plan. Ms. Stapleton lauded Parks and Recreation Director Kim Woodruff for setting the tone around the new master planning effort, which requires discipline and patience in waiting to determine and make improvements until the Plan is complete and adopted and priorities are established.

Next on the chart are Special Revenue Funds:

Garbage Fund

The Garbage Fund pays for garbage cans, including the new Big Belly receptacles, and revenue for the Garbage Fund is received from the City's agreement with Waste Management in the form of franchise fees for wear and tear on City rights of way. It is anticipated that the costs for the new Big Belly cans will remain flat, as we've been in a pattern of adding more and more garbage cans, and the Big Belly cans will result in more efficient use of City and Waste Management staff time and less impact on our roads. All costs for garbage pick-up are included in the City's contract with Waste Management. Prior to the new cans and agreement, we were paying Waste Management \$20,000 over and above our contract, and City staff was also spending time checking and emptying cans.

With an increasing fund balance in the Garbage Fund, staff is analyzing this fund and the franchise fee, which is collected on commercial garbage only. Staff may recommend a reduction in the franchise fee, which is passed on to commercial customers. Although the City does not have control over all garbage fees, we can reduce the franchise fee, and this would result in a reduction of increasing fees. This will be included during the next Council meeting during discussion regarding City fees.

Water Fund, Water Capital Reserves, Watershed Reserves

Every year, the City budgets about \$200,000 in the Watershed Reserves Fund for any opportunity that may arise to purchase additional watershed property. This type of opportunity is very rare, so typically no expenditure from this fund.

Sewer Fund, Sewer Collection (I&I) Reserves, Sewer Capital Reserves

There is some spending from the I&I Reserves, as the City attempts to get I&I under control. Sewer Capital investments will include upgrades to the existing Wastewater Treatment Plant (WWTP).

IDS Manager Wilson replied to **Council President Williamson** that I&I stands for Infiltration & Inflow, which is water not generated from users that enters the sewer system and ends up at the WWTP. Sandpoint currently treats wastewater equivalent to a city the size of Coeur d'Alene, substantially more than what is actually generated by users. As we prepare to upgrade our aged WWTP, we need to reduce I&I, which will result in a reduction in WWTP upgrade costs. Currently, staff is analyzing to determine the source of this additional water. Once the data is collected and analyzed, then we can move on with improvements. In the meantime, we still take action to reduce I&I. For example, this is the third year for cured-in-place-pipe (CIPP), which lines the system without excavating the road and replacing the pipe itself. We're also replacing and repairing manholes. It is forecasted that it will take at least ten years to fully address our I&I problems, so I&I will be included in the budget for many more years to come.

Ms. Stapleton displayed the Full-Time Equivalent (FTE) Employees chart. FY2020 reflects a reduction of 1.72 FTE. Changes are as follows:

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- - 3.5 FTEs in Legal Services
- + 1.0 FTE School Resource Officer in Police Services
- - 1.0 FTE Public Works Assistant/ +1.0 FTE Contract/Procurement Officer - Central
- + 0.67 FTE Building Official (succession planning)

The new Contract / Procurement Officer oversees and manages contracts and procurement efforts across the City and is in the process of developing those systems. This is a Central Services Division position, which serves all of the divisions citywide.

The .67 FTE for Building Official reflects a newly-hired Building Official, who will work full-time alongside Don Carter, the current Building Official, who is retiring in May 2020 after over 40 years of service with the City. A candidate was just chosen and hired yesterday. She is transitioning from outside of the area and will start in a couple of months. This succession planning and overlap is similar to how this was successfully accomplished when the City Treasurer retired, providing an opportunity to pass on essential institutional knowledge.

There has been a realignment in Streets from overtime / contracts to a 0.6 FTE temp / seasonal position, which it is anticipated will bring a higher level of service and predictability during the snow season. No increase in budget.

All hourly and some salaried employees' time and is tracked, resulting in data showing how employees are actually spending their work time and ensuring proper allocation. There was a cost allocation study built into the budget, accomplished internally. That analysis will continue moving forward, so there may be shifts based on priorities, needs, and current activities. It was discovered, predominantly in IDS, that there was more time spent on General Fund activities, as opposed to Water Fund or Wastewater Fund activities, and General Fund activities cannot be paid by those other funds, resulting in a shift, impacting the General Fund budget going forward and a request for an additional 0.35 FTE. In the past, budget would be based on how it was estimated that staff was spending their time, and now we are budgeting based on how staff is actually spending their time. When time is reported by employees, it is considered an estimate, as there is a final reconciliation performed to determine where time was actually spent.

Ms. Stapleton displayed several charts, showing projects, amount budgeted, and funding sources and provided explanation and additional information on the following line items.

Mayor and Administrative Services:

Mayor's Inclusion Initiative \$8,000

There is information on this topic included in the budget document, and the Mayor has written a couple of newspaper articles, as well. Ms. Stapleton stated that the Initiative the Mayor is proposing meets the Mayor's commitment to eliminate hate and discrimination and strengthen social equity in our community, supporting training, education, and other programs internal to City operations and externally in partnership with non-profits and the business community to promote understanding, acceptance, and value differences between people of different races, ethnicities, genders, ages, religions, disabilities, and sexual orientation, as well as differences in personalities, skill sets, experiences, and knowledge bases.

Economic Development \$50,000

The City is now a member of the Bonner County Economic Development Council. She encourages City participation in a countywide economic development strategic plan. This budget item contemplates dollars that the City could contribute to a broader plan but contemplates that others will participate and contribute, as well. This is subject to final approval from Council on the allocation of these dollars, which are identified in the Budget as a set-aside.

IT and GIS Evaluation \$20,000

This evaluation will seek to determine what investments we need to make in the future, analyzing our structure and programs. One of the challenges in government is that new products come out regularly. We have many different divisions and service areas, and it's

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important to pause on a regular basis to examine what software and hardware we're using and make determinations as to where duplication may exist, how best to maintain efficiencies, and to ensure, when upgrades are needed in the future, whether we may need to go a different direction, negating the need to rewrite customizations across the board.

Strategic Planning \$10,000

This budget item contemplates refreshing the current two-year Citywide Strategic Plan and considering long-term strategic planning. The current plan ends at the end of this next fiscal year. Three Council positions are up for election this year, as is the Mayor position, with potential changes on our Council and potentially the Mayor, as well. It will be important to revisit our Strategic Plan, particularly as we approach the end of the master planning process.

Open Town Hall \$6,800

This software provides the capability for our surveying and the work being conducted in the master planning process.

Central Services:

Downtown Parking Lot Study \$25,000 from General Fund

These are carryover funds, which have been budgeted the last couple of years. This study, for all downtown parking, will be launched after Phase II of the Downtown Revitalization Project is complete.

Downtown Parking Lot Project \$215,000 from SURA

These monies have been rolled from year to year for a potential future project, with no expenditures until a decision is made about whether there are other parking improvements that need to occur or whether there is something different that might happen on that lot.

City Hall Renovations/Public Service Improvements/City Hall Roof \$260,000 from General Fund

Planned customer service-related renovations to City Hall, with an addition for a needed roof replacement for the building.

SPOT Public Transportation \$75,000 from Resort City 7% Lodging Tax

Annual request from Selkirk Pend Oreille Transit (SPOT Bus), previously approved by Council.

Energy Efficiency Project \$75,000 from Grants

This would be in the form of energy efficient rebates through Avista with LED retrofits in our lights downtown. Avista has performed an assessment of a number of lights in our parks and other areas. There is an initial plan, and this would fund the retrofits.

Airport Property Improvements \$192,300 from General Fund / Lease Payments

This is budgeted every year in case improvements are needed at the Bonner Business Center building owned by the City. It is currently leased to Lead-Lok. This funding comes from their lease payments.

Misc. Grants Citywide \$957,500

Miscellaneous grants, as presented earlier, are budgeted in Central Services.

Ms. Stapleton replied to **Councilwoman Ruehle** that Central Services line Item 700, which reflects \$50,000 for property, is, in part, for a new central fleet vehicle at \$30,000. Central fleet vehicles have, traditionally, been retired Police vehicles. We auctioned off three of those vehicles this year, with revenues deposited into the General Fund in order to offset costs for replacement. The remaining \$20,000 is budgeted for potential office equipment needs (new printers, etc.), as we implement the BS&A ERP software.

Parks, Recreation and Open Space Services:

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Parks Master Plan Priority Projects \$250,000 from Parks Capital

Budgeted for any potential capital projects determined as a result of the Parks and Recreation Master Plan. Priorities that come out of the Plan will define allocation of these dollars.

Parks and Recreation Master Plan \$89,998 from Parks Capital, Recreation Fund, LOT Fund  
The LOT (1% Local Option Sales Tax) helps fund plan design and research at War Memorial Field only.

Shooting Range Noise Abatement \$90,000 from Recreation Fund

Requested by the Parks and Recreation Director.

Trail Maintenance – Pend Oreille Pedalers \$10,000 from Recreation Fund

This was in Recreation Master Plan Priority Projects and is now split out to its own line item.

**Police Services:**

Police Vehicles \$90,000 from General Fund

Each year, budget is proposed for replacement of Police vehicles. Otherwise, there would be a backlog of vehicles that need to be replaced.

Mobile Data Equipment \$30,000 from Impact Fees

This project has been several years in the works and is specifically identified in the Impact Fees Plan.

Bullet Proof Vests \$5,000 from General Fund

Budgeted every year as a match.

Baldy Repeater Enhancements Project \$22,582 from General Fund

This has traditionally been in the Police Department budget but is being moved for the upcoming fiscal year.

In the Police Services budget is a shared School Resource Officer and shared Police services with the City of Kootenai.

Police Chief Corey Coon relayed that they are excited to expand this extra security in the schools. Part of the budget includes one more full-time employee, who will be dedicated strictly to the school system. The Chief met with Superintendent Albertson to determine the School District's needs and work out a plan. The new School Resource Officer will be responsible for several schools but will be stationed at Sandpoint Middle School. The Chief asked the District to identify locations of greatest need and their expectations and will meet with the Superintendent again in a couple of weeks. The District will help cover some of these costs. Additionally, we are working on a partnership with the City of Kootenai, allowing the Police Department to help out at their school, as well.

**Councilwoman Ruehle** commented that she appreciates the prospect of enhanced police presence at Sandpoint Middle School and the Police Department's recognition of this need.

Ms. Stapleton commented that the City of Kootenai has been considering contracting additional police services, particularly traffic enforcement and support around Kootenai Elementary School. When the School Resource Officer was approved for funding by Lake Pend Oreille School District, it created the nexus where it made sense to look at a partnership with the City of Kootenai. Normally we wouldn't consider jumping over another City, Ponderay in this instance, to provide these services, but, with an officer already at the School, it made sense. This is a good example of an effective partnership with multiple agencies and also provides additional support in the summer months when it is needed.

**Infrastructure and Development Services:**



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Great Northern Road Revitalization Project \$100,000 from SURA

In 2005, the Northern Urban Renewal Area was formed and a plan created to initiate a multitude of projects, which were identified as possible opportunities to spur economic development in the northern area of Sandpoint, including improvements to Great Northern Road. The roadway project must be viewed from both a width perspective and also the roadway section and the ability to handle the potential heavy truck traffic in this industrial area, as well as intersection improvements, including Baldy Mountain Road, Woodland Drive, and multiple grade crossings.

The drainage in this area is a compounding issue that is impacting not only the roadway and the railroad (BNSF) but also adjacent property owners who would like to build and expand and plat and sell and have sustained wetlands and drainage problems, the solution for which is rather complicated in such a flat area.

From a utilities and safety perspective, there is a lack of lighting in the area. There needs to be better pedestrian access and connection to schools from development on the north end of town. Also, more and more people, particularly bicyclists, are using the route up Woodland to get to Schweitzer Mountain.

These issues, identified in 2005, still exist today. This fiscal year, we are launching an effort to develop a conceptual design to identify the actual problems, data to support these findings, and the cost implications. From that conceptual design, we will be able to better assess a return on investment. Prior to construction of the Byway, there was consideration to expand Great Northern Road all the way to the highway, making it a north-south corridor. The plan now is to really identify the issues surrounding the roadway, drainage, and utilities and finally get this project moving with real implementation of final design and construction between now and the maturity date of the SURA funds in 2029.

Transportation Plan \$150,000 and Pedestrian and Bike Plan \$50,000 from General Fund

The citywide Transportation Plan will segway into and incorporate the Pedestrian and Bike Plan. In addition to the citywide Transportation Plan, Sandpoint has been asked to serve as the lead with the quad-city group of Sandpoint, Kootenai, Ponderay, and Dover in applying for an Urban Area Transportation Plan grant through the Local Highway Technical Assistance Council (LHTAC). Each city has had their own effort at a different point in time, with each having the need to revisit their own transportation plan. It will be determined what each city needs and can take from an Urban Area Transportation Plan and for everyone to contemplate what comes out of each individual city plans and how they connect with one another. LHTAC has strongly encouraged our application for this grant, and we are certain it will be awarded. Ms. Wilson is serving as point in coordinating those efforts, in conjunction with Grants and Performance Management Administrator Linda Heiss.

Not included or carried over in the IDS budget are some of the projects that have been on the books but that have not been proceeding, including the Baldy Mountain Road pedestrian project. That project was not included in the current year's budget and is not included in the proposed FY2020 budget. There is development in that area that suggests the original plan for where connectivity would go through may likely not be the best place. There is development occurring on the other side, which will trigger improvements by those property owners, plus the Great Northern Road Project on the horizon. Through strategic planning, we've discussed discipline and holding off while efforts are prioritized in alignment with Council priorities around master planning.

Also not included in the budget is an asphalt overlay project for the same reasons. There will be a significant pavement assessment that will be occurring this fall that will provide the data and decision-making tools needed to decide whether overlays are needed, which, undoubtedly, they will be, and the priorities surrounding those overlays. We did receive a grant with surplus eliminator funds a couple of years ago and accomplished the big overlay project on Ella Avenue. It was significantly larger than what we have been investing in, year to year, and not only did we complete the project, but it came in under budget, and we were able to expand the scope. It is a priority with the streets. We have been challenged this year with the budget, and it has taken significant discipline internally to stay in line with Council priorities and seeing the master planning process through

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without directing funds towards particular projects, as we cannot afford to fund both in this fiscal year.

Ms. Wilson reported that the City received a \$50,000 grant to complete a road safety audit on Division Avenue. That will be rolled into the transportation multimodal plan. There are many comments and valid concerns about, particularly, the intersection of Division and Pine.

**Councilwoman Ruehle** asked about Building Permit Services line item 100, where there is a significant change in salaries and wages.

**Councilman Darling** left the meeting at 7:26 p.m.

Ms. Stapleton and Ms. Wilson replied that this is the retirement succession planning and overlap of the new Building Official, who will be working alongside the current Building Official for several months.

**Councilwoman Ruehle** had the same question about Street Services line item 100, where there is a significant change in salaries and wages.

**Councilman Darling** returned to the meeting at 7:27 p.m.

Ms. Wilson replied that this change is a result of allocating time where it's actually spent, as was presented earlier during the conversation around employee time tracking. For instance, an employee in the Utilities Group under the Water and Sewer Fund may plow snow, which is a General Fund and Streets function. Therefore, those salary costs are now actually being allocated to the General Fund. It's more of an accounting reconciliation, based on time tracking and analysis. This also explains the increase in salaries and wages under Water Services.

Ms. Lynds explained to **Councilwoman Ruehle** that the increase in Water Services, Public Works, Admin Supplies, line item 600, is due to postage for utility billing, which was moved from the Finance Department to Water Services. The majority of those services were moved last year, except for these postage costs, which have now been moved. The actual expenses were allocated properly; it was just the postage itself that still remained in General Fund, Finance. With the new software, Utility Billing will have its own department and will be easier to track.

Ms. Stapleton explained to **Councilwoman Ruehle** that the increase in Purchased and Professional Technical Services in various sections can be attributed to master planning and the consultants with whom the City will contract.

Ms. Wilson replied to **Councilwoman Ruehle** that the \$150,000 allocated for property to line item 700 under Water Distribution Services is for a new loader to replace the 1986 loader that caught fire earlier this year during snow removal. The Water Fund purchased and paid for a majority of that loader, and it is "leased" to the General Fund when it is used for snow removal. The City did receive a payout from the insurance company. There is also \$225,000 in the budget under Sewer Services to help fund the new loader.

Fire Services:

The Budget contemplates continuation of the existing model. Chief Stocking will present other options at a workshop during the September 4 Council meeting. Staff is still working through all of the details and ensuring a line item budget, as Council has requested.

Arts and Culture Master Plan:

\$28,000 budgeted, along with \$2,000 for historic walking tour brochures, which, in the past, have been funded by donations. Budgeted under Central Services, it's really related to work being performed by two of our commissions. An RFP has been drafted, seeking a master plan consultant. This will integrate historic preservation, historic planning, and design into the Arts and Culture Plan. Not many cities around the country have taken this

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approach; Boise is one of a few and a good example of a city that has done so. One challenge is that SURA funding is dedicated to the Arts Commission. Traditionally, funding has not been directed to the Historic Preservation Commission. There are art projects that could potentially feature historical aspects or have a historical focus, but when they run only through the Arts Commission, that can be missed, as the Historic Preservation Commission has not been involved. The utility box wraps are a good example. And the hope is to look beyond just visual art to other art forms, such as performance art. The Boise plan is a model we're observing, and SHPO funding will go toward an integrated grant.

The Impact Fee Committee will be convened next month to get them up to speed on the contents of the Impact Fee Plan and the plan moving forward with capital improvement projects and master planning. We anticipate convening the Impact Fee Committee in the spring for a full analysis of impact fees. Included in the budget is funding for analysis of impact fees, water rates, sewer rates, and new user facility fees (NUFF), with the hope to simplify the fee structure. Before allocation of these dollars, we need to consider an update to the Capital Improvement Plan. Staff has been discussing this plan with a firm that handles this type of work.

The City's Comprehensive Plan is currently out to bid. Kudos to Planning and Community Development Director Aaron Qualls for his work on a fantastic RFP and outreach efforts. We've had discussions on revisiting the Airport chapter of the Comp Plan, so that is included, with the proposed timeline of having that chapter completed by December of this year. The City has already been contacted by firms, internationally, interested in bidding to become our Comp Plan consultant.

The official budget public hearing will be held during the next Council meeting on August 21. The adoption of the budget will take place following that hearing.

Carrie Logan, city resident, distributed and read a prepared statement, as follows:

In a review of the preliminary budget it appears that about 490k in transportation impact fees are being budgeted for non-Capital Improvement Plan items. As a refresher to all of you, impact fees collected must be spent within 5 years of collection (there are certain exceptions) on projects identified in the Capital Improvement Plan adopted by the city council or the fees are to be returned to the developer. Additionally, asphalt overlay is considered maintenance and cannot be funded with impact fees. Also, sidewalks cannot be funded with impact fees. I've copied each of you and staff on the current list of capital projects. Additionally, and most notably, only that portion of the project which can be attributed to growth can be funded with impact fee funds. Therefore, you cannot fund projects entirely with impact fees. Impact fee funds are not a slush fund with spending of same at the discretion of administration. Guidance on impact fee funds is found in the current Capital Improvement Plans and Development Impact Fees which was done by Tischler Bice in 2011 and adopted by ordinance the same year. Also, state law allows and governs collection and use of impact fees. So not only would misallocation of impact fees be violating city law but also state law. It appears to me that no general fund dollars have been committed to anticipated and currently approved capital projects which are at this time unnamed. The conclusion that I reach is that general fund dollars -which along with grants, etc., are always the lion's share of the funding- are being used for other purposes which I don't understand. What is the immediate budgetary remedy to this error? In my opinion, the Infrastructure and Development Director and the Finance Director need to put their heads together and list actual approved projects they want to use impact fees for this next year, list the correct amount that can be used from impact fees and list other funding sources for the complete cost of the project. Another option is to leave the dollars in and update the Capital Improvement Plan and Impact Fees to identify new projects. This approach would also require the identification of other sources of funding for different projects. Remember, only that portion of the project which can be attributed



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to growth can be funded with impact fees. Why does any of this matter to me? I as a taxpayer don't want to see the city sued for misuse of funds resulting from inappropriate use of impact fees. I want to see better stewardship of general fund dollars. Remember, it is you as city council who are responsible for the budget and it is your fiduciary responsibility to see that it is crafted and executed in accordance with city and state law.

Todd Prather, local business owner, spoke in opposition to the Mayor's proposed Inclusion Initiative, stating that he doesn't understand how it will increase understanding and respect of one another. He takes offense to the presumption that the entire community is already guilty of hate and discrimination and believes it causes the very division that it proposes to eliminate. The Mayor seems to believe that this will be a blanket reform for everyone who hates and discriminates, and apparently it begins within City government. Although there may be some hate and discrimination, this community does not appear to him to generally suffer from these types of issues. Can someone's belief or intent be determined solely by the words they use? What about context and humor and art? How does an \$8,000 initiative propose to determine a speaker's or an artist's intent, let alone their personal beliefs, when it comes to who might have been excluded or prejudiced? Legislating political correctness is a slippery slope. This hollow initiative will effectively kill creativity in Sandpoint and interfere with our relationships in the community. If we're not allowed to openly address our concerns, curiosities, fears, hopes, and other feelings without fear of offending, then how do we overcome ignorance of race, culture, or sexual orientation when we can't even have a conversation? This is ultimately about attempting to legislate kindness. It's too bad the Mayor wasn't here, as this is kind of an important issue. Maybe his absence is a reflection of the initiative's importance to him. Regardless of left or right, we the people of Sandpoint need to keep an eye on the extremists in our local government and remember them at the polls when it comes to those who seek to control through misleading, forceful, and divisive means such as the proposed Inclusion Initiative and whatever can of worms it might open.

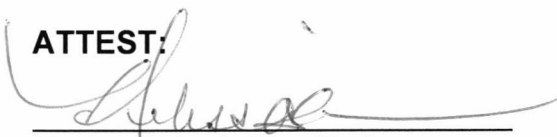
Ryan Laiche, not a Sandpoint resident, had a complaint about Mountain View Drive, where he lives (not in Sandpoint city limits). He stated that he fought overseas twice and lost countless brothers, and he doesn't believe it's right to legislate what is right or wrong. He has personally been harassed downtown by business owners and told to go kill himself, that he's a child killer and a racist against Muslims. He doesn't believe you can legislate what someone can or cannot say. He stated that he was removed from a business by the Mayor's friends because he asked the Mayor a question about War Memorial Field funding. What if someone believes the American flag is racist. Do we legislate banning the American flag in our community? He is from Louisiana, a racially charged area. If someone called someone else the "n" word or said anything derogatory, he would be the first person to say something, but he does not believe you can legislate, with money, what can or cannot be said. And how do we know that the budget for this initiative won't increase every year? It's \$8,000 this year. What if it's increased to \$20,000 or \$80,000? What is the severity of the situation?

**ADJOURNMENT**

**Council President Williamson** adjourned the regular meeting at 7:52 p.m.

  
Shannon Williamson, Council President

**ATTEST:**

  
Melissa Ward, City Clerk